

# 2011 - 2012 Seattle City Council Green Sheet

Ready for Notebook

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**Budget Action Title:** Reduce SPU water expenditures in the proposed 2011-2012 budget and amend the proposed 2011-2016 CIP to control costs and reduce impacts on future rates; and reduce GSF revenues to reflect lower tax revenues from lower rates.

**Councilmembers:** Conlin; Harrell; O'Brien

**Staff Analyst:** Meg Moorehead

**Council Bill or Resolution:**

Date		Total	SB	BH	SC	TR	JG	NL	RC	TB	MO
	Yes										
	No										
	Abstain										
	Absent										

## Summary of Dollar Effect

See the following pages for detailed technical information

	2011 Increase (Decrease)	2012 Increase (Decrease)
<b>General Subfund</b>		
<b>General Subfund Revenues</b>	\$0	(\$30,000)
<b>General Subfund Expenditures</b>	\$0	\$0
<b>Net Balance Effect</b>	\$0	(\$30,000)
<b>Other Funds</b>		
<b>Water Fund</b>		
<b>Revenues</b>	\$0	\$0
<b>Expenditures</b>	(\$75,000)	(\$4,758,000)
<b>Net Balance Effect</b>	\$75,000	\$4,758,000
<b>Total Other Funds</b>	\$75,000	\$4,758,000
<b>Total Budget Balance Effect</b>	\$75,000	\$4,728,000

### Budget Action description:

This green sheet would reduce Seattle Public Utilities (SPU) proposed 2011-2012 Water Fund (WF) expenditures and amend the proposed 2011-2016 capital improvement program (CIP) to help control costs and limit future water rate increases.

Retail water rates for 2011, adopted through previous Council action, will increase 3.5% compared to 2010. Although a water rate study for 2012 and beyond is not expected until next year, a 2012 retail rate increase of 11.9% is projected. Revenue shortfalls from reduced demand and compliance

\* CIP Amendment

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with financial policies (debt service coverage in particular) appear to be primary drivers of a 2012 increase. Proposed 2011-2012 expenditures also play a role. Responding to financial constraints, the proposed 2012 WF budget is \$14.6 million lower than the adopted 2010 budget.

To further reduce costs and future rate increases, this green sheet would reduce labor costs due to expected work force efficiencies from actions such as shift changes.

Because a preferred project alternative and costs have not been finalized, this green sheet also would revise SPU's proposed 2011-2016 CIP for the Morse Lake Pump Plant project (C1508) as follows:

- Change the line for "Revenue Sources" labeled "Water Rates" to \$0 in each year from 2012 through 2016, and revise totals accordingly;
- Change the line for "Fund Appropriations/Allocations" labeled "Water Fund" to \$0 in each year from 2012 through 2016, and revise totals accordingly; and
- Change the line for "Spending Plan" to \$0 in each year from 2012 through 2016, and revise totals accordingly.

This green sheet also reduces SPU utility tax expenditures and utility taxes received by the General Subfund to reflect the slightly lower 2012 rates needed to support the reduced expenditures.

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### Budget Action Transactions

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#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
1	Reduce labor costs to reflect work force efficiencies				SPU	Other Operating	N400B-WU	43000	2011		(\$75,000)
2	Reduce labor costs to reflect work force efficiencies				SPU	Other Operating	N400B-WU	43000	2012		(\$150,000)
3	Reduce Morse Lake Pump Plant project (C1508) spending				SPU	Water Resources	C150B	43000	2012		(\$4,578,000)
4	Decrease use of working capital to reflect lower spending				SPU	Decrease (Increase) in Working Capital	379100	43000	2011	(\$75,000)	
5	Decrease use of working capital to reflect lower spending				SPU	Decrease (Increase) in Working Capital	379100	43000	2012	(\$4,728,000)	
6	Reduce tax expenditures to reflect lower rates to support reduced spending				SPU	General Expense	N000B-WU	43000	2012		(\$30,000)
7	Reduce GSF revenues from lower rates and spending				GSF	Utilities Business Tax - City Water (100%)	516420	00100	2012	(\$30,000)	